

TOWN OF BISCOE  
FINANCIAL STATEMENTS  
Year Ended June 30, 2011

**Town of Biscoe, North Carolina**  
*List of Principal Officials*  
**June 30, 2011**

Elected Officials

James Blake	Mayor
Michael Criscoe	Mayor Pro-Tem
Jerry Smith	Commissioner
John Beard	Commissioner
Eugene Anderson	Commissioner
Jimmy Cagle	Commissioner

Appointed Officials

Brooks Lockhart	Town Manager
Laura Morton	Town Clerk
Mary Britt	Assistant Clerk
Laura Jordan	Deputy Clerk
David Maness	Police Chief
Sam Stewart	Public Works Director
Alan Griffin	Fire Chief

**TOWN OF BISCOE, NORTH CAROLINA**

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**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

### ***Independent Auditors' Report***

To the Honorable Mayor and  
Town Commissioners  
Biscoe, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Biscoe, North Carolina as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Biscoe's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Biscoe, North Carolina as of June 30, 2011, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Biscoe. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion based on our audit report, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Dixon Hughes Goodman LLP*

December 29, 2011



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### **Management's Discussion and Analysis**

As management of the Town of Biscoe we offer readers of the Town of Biscoe financial statements this narrative overview and analysis of the financial activities of the Town of Biscoe (Town) for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

#### **Financial Highlights**

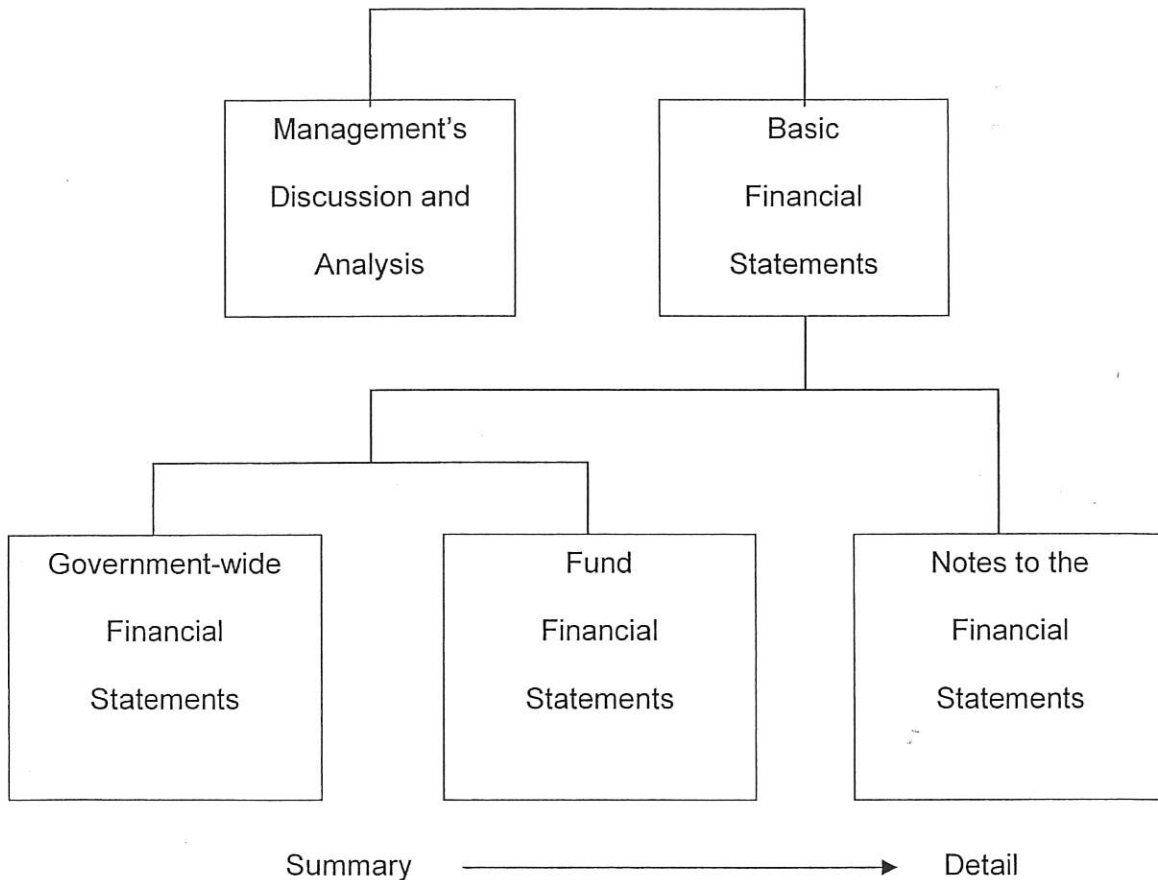
- The assets of the Town of Biscoe exceeded its liabilities at the close of the fiscal year by \$7,946,961. The assets of the governmental activities exceeded liabilities by \$3,877,758 and the assets of the business-type activities exceeded liabilities by \$4,069,203.
- The government's total net assets decreased by \$75,578; due to depreciation while limiting investment in new capital assets in anticipation of lower than normal revenues.
- A large portion of our depreciation was offset by the replacement of water and sewer lines along East Main Street that was done by NCDOT in conjunction with the Highway 24/27 widening project. These replacements, valued at \$155,625, were carried out through General Statute 136-27.1; which requires NCDOT to cover the cost of replacement of water/sewer lines on highway projects of municipalities with less than 5,000 residents.
- As of the close of the current fiscal year, the Town of Biscoe's governmental funds reported combined ending fund balances of \$2,364,289; a decrease of \$140,374 in comparison with the prior year. Approximately 20 percent of this total amount, or \$475,912 is available for spending at the government's discretion (*unassigned fund balance*). The Town maintains more than a minimum of 25% of budgeted expenditures in available fund balance for cash flow and emergencies. In addition the town maintains a capital reserve fund with money dedicated to large capital expenditures.
- As of the close of the current fiscal year, the Town's business-type activities reported combined ending net assets of \$4,069,203 an increase of \$62,643.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Biscoe.

Figure 1:

### Required Components of Annual Financial Report





## Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes and required supplemental financial data, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements are the statement of net assets and the statement of activities. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition. Over time, increases or decreases in net assets help determine whether the Town's financial position is improving or deteriorating. The statement of activities presents information which show how the Town's net assets changed during the most recent fiscal year.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, public works, parks and recreation, library, planning and inspections, transportation, and general administration. Property taxes and intergovernmental revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – The Town has one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 40 of this report.

## Net Assets

The following (Figure 2) reflects condensed information on the Town's net assets.

Figure 2:

### The Town of Biscoe Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and other assets	\$ 2,481,761	\$ 2,641,718	\$ 1,821,909	\$ 1,696,794	\$ 4,303,670	\$ 4,338,512
Capital assets	<u>1,475,479</u>	<u>1,462,684</u>	<u>2,312,662</u>	<u>2,383,911</u>	<u>3,788,141</u>	<u>3,846,595</u>
<b>Total assets</b>	<u>3,957,240</u>	<u>4,104,402</u>	<u>4,134,571</u>	<u>4,080,705</u>	<u>8,091,811</u>	<u>8,185,107</u>
<b>Liabilities:</b>						
Current liabilities	79,482	88,423	65,368	74,145	144,850	162,568
Long-term liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<u>79,482</u>	<u>88,423</u>	<u>65,368</u>	<u>74,145</u>	<u>144,850</u>	<u>162,568</u>
<b>Net Assets :</b>						
Invested in capital assets, net of related debt	1,475,479	1,462,684	2,312,662	2,383,911	3,788,141	3,846,595
Restricted	241,827	84,894	-	-	241,827	84,894
Unrestricted	<u>2,160,452</u>	<u>2,468,401</u>	<u>1,756,541</u>	<u>1,622,649</u>	<u>3,916,993</u>	<u>4,091,050</u>
<b>Total net assets</b>	<u>\$ 3,877,758</u>	<u>\$ 4,015,979</u>	<u>\$ 4,069,203</u>	<u>\$ 4,006,560</u>	<u>\$ 7,946,961</u>	<u>\$ 8,022,539</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$7,946,961 as of June 30, 2011. The Town's net assets decreased by \$75,578 for the fiscal year ended June 30, 2011. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,916,993 (49.3%) is unrestricted, which is approximately the same proportion as last fiscal year.

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental net assets:

- The cost of Governmental Activities exceeded the actual received revenues.
- As noted in last year's audit, the County Water System increased the bulk water rate, the rate the Town buys at, by 40% effective July 2010. This required the Town of carryout a comprehensive water and sewer rate study; which lead to a rate increase. As we assumed we would notice a decline in consumption but an increase in overall system revenue; this assumption was correct leading to higher receivables from customers of \$22,021.
- An increase in overall receivables has increased the amount we must hold in reserve as required by the State. Meaning more funds were restricted for this purpose.
- The Town took an effort to lower its overall liabilities in its Business-type Activities by seeking to refund all past customer deposits. The Town of Biscoe stopped collecting Water and Sewer Deposits in 2004. Our audit has annually reflected the liabilities of Customer Deposits, which exist on accounts which established service prior to our elimination of deposits and have not had a change in service. Our overall, liability of customer deposits has been reduced from \$8,186 to \$770. Most of these refunds were credited to current accounts.

## Changes in Net Assets

The Town's total revenues and expenses for governmental and business-type activities are reflected in Figure 3.

Figure 2:

### Town of Biscoe Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 43,262	\$ 49,223	\$ 852,970	\$ 618,681	\$ 896,232	\$ 667,904
Operating grants and contributions	82,757	123,214	-	-	82,757	123,214
Capital grants and contributions	23,025	-	155,625	-	178,650	-
General revenues:						
Property taxes	617,319	623,832	-	-	617,319	623,832
Other taxes	248,068	267,849	-	3,282	248,068	271,131
Unrestricted						
Intergovernmental	305,881	190,838	-	-	305,881	190,838
Other	(19,353)	91,635	(20,029)	14,448	(39,382)	106,083
<b>Total revenues</b>	<b>1,300,959</b>	<b>1,346,591</b>	<b>988,566</b>	<b>636,411</b>	<b>2,289,525</b>	<b>1,983,002</b>
<b>Expenses:</b>						
General government	415,614	455,746	-	-	415,614	455,746
Public safety	667,127	700,872	-	-	667,127	700,872
Culture and recreation	110,849	87,746	-	-	110,849	87,746
Transportation	245,590	204,194	-	-	245,590	204,194
Water and sewer	-	-	925,923	751,006	925,923	751,006
<b>Total expenses</b>	<b>1,439,180</b>	<b>1,448,558</b>	<b>925,923</b>	<b>751,006</b>	<b>2,365,103</b>	<b>2,199,564</b>
Increase (decrease) in net assets before transfers	(138,221)	(101,967)	62,643	(114,595)	(75,578)	(216,562)
Transfers	-	-	-	-	-	-
Increase (decrease) in net assets	(138,221)	(101,967)	62,643	(114,595)	(75,578)	(216,562)
Net assets, July 1	4,015,979	4,113,890	4,006,560	4,121,155	8,022,539	8,235,045
Prior Period Adjustment	-	4,056	-	-	-	4,056
Net assets as restated July 1	4,015,979	4,117,946	4,006,560	4,121,155	8,022,539	8,239,101
Net assets, June 30	\$ 3,877,758	\$ 4,015,979	\$ 4,069,203	\$ 4,006,560	\$ 7,946,961	\$ 8,022,539

**Governmental activities** – Governmental activities decreased the Town's net assets by \$138,221. Key elements of this decrease are as follows:

- No grants received for the purchase of new capital assets; only a small one for operations in law enforcement.
- Reduction in property tax incomes, last year the Town received a sizable unexpected one-time tax adjustment. Property tax income was \$6,513 less than last fiscal year.

**Business-type activities:** Business-type activities increased the Town's assets by \$62,643. Key elements of this increase are as follows:

- Replacement of water and sewer lines, valued at \$155,625, along East Main Street that was done by NCDOT in conjunction with the Highway 24/27 widening project.
- A comprehensive water and sewer rate study was performed with the assistance of the NCRWA (North Carolina Rural Water Association). We established full pricing rates, which were an increase from previous rates. As we assumed we would notice a decline in consumption but an increase in overall system revenue; this assumption was correct leading to higher receivables from customers of \$22,021.

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,364,289 a decrease of \$140,374 in comparison with the prior year.

**General Fund Budgetary Highlights:** During the fiscal year, the budget did require additional attention from the Town Council. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The actual operating revenues for the General Fund were more than the budgeted amount by \$32,177. The higher than anticipated revenue mostly fell into three categories: increased tax receipts, park fees/concessions, and grant proceeds but were saddled (once again) by lower than anticipated investment earnings. We were extremely cautious in our Revenue estimates, and most state-collected local revenues over-performed our most cautious estimates.

The actual operating expenses for the General Fund were less than the budgeted amount by \$97,775. This was primarily due to the continued efforts of staff to show restraint in purchases and overall responsible fiscal stewardship. The total sum of this under expenditure is reflected our freezing of most non emergency capital outlay; specifically in investments public transportation. Unfortunately, our actual expenditures exceeded our actual revenues by \$119,087. This was anticipated by the board, which is why such a large number was budgeted for fund balance appropriation in the General Fund. The board elected to utilize fund balance instead of considering a tax increase due to revaluation being conducted and the certainty of revisiting the tax rate in the coming fiscal year, which will likely solve this imbalance.

**Proprietary Funds:** The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net assets at the end of the fiscal year amounted to \$1,756,541 reflecting a \$133,892 increase from the prior year. The town, as expressed in earlier sections, limited all capital outlay. Net Assets invested in Capital Assets was \$2,312,662, a decline of \$71,249.

## Capital Asset and Debt Administration

**Capital assets:** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$3,788,141 reflecting a \$58,454 decline (*net of accumulated depreciation*). These assets include buildings, land, machinery and equipment, water distribution system, and vehicles.

Major capital asset transactions during the year include the following additions:

### Governmental Funds:

#### **Additions**

- Two Police Pursuit Vehicles (2010 Dodge Chargers) to replaced wrecked vehicles.
- A new \$34,382 Service Truck for the Fire Department for non-fire responses.
- A new Pool Filtration System to replace the 25 year old system; \$42,817.
- Pool Locker Room Renovation to achieve ADA compliance and individual stall doors for the shower area; \$14,274.

#### **Retirements and Dispositions**

- No retirements just wrecked Police Vehicles and regular book depreciation.

### Proprietary Funds:

#### **Additions**

- Purchase of a little over 3 acres for a new pump station; \$14,900.
- Installation of valves for new lines along North and East Main Streets allowing for repairs to not require shutting off water service to an entire section of town; \$155,625.

#### **Retirements**

- No Retirements, just regular book depreciation

**Figure 4:**

### Town of Biscoe Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 482,587	\$ 604,103	\$ 14,900	\$ -	\$ 497,487	\$ 604,103
Buildings	1,998,341	1,998,341	-	-	1,998,341	1,998,341
Equipment, vehicles & infrastructure	1,593,249	1,600,514	726,502	708,530	2,319,751	2,309,044
Water distribution Systems	-	-	4,217,705	4,092,882	4,217,705	4,092,882
Construction in Progress	108,632	-	-	-	108,632	-
<b>Total Net Assets</b>	<b>4,182,809</b>	<b>4,202,958</b>	<b>4,959,107</b>	<b>4,801,412</b>	<b>9,141,916</b>	<b>9,004,370</b>
Depreciation	(2,707,330)	(2,740,274)	(2,646,445)	(2,417,501)	(5,353,775)	(5,157,775)
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>\$ 1,475,479</b>	<b>\$ 1,462,684</b>	<b>\$ 2,312,662</b>	<b>\$ 2,383,911</b>	<b>\$ 3,788,141</b>	<b>\$3,846,595</b>

Additional information on the Town's capital assets can be found in Note 5 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2011, the Town of Biscoe does not have any outstanding long-term debt.

### **Economic Factors and Next Year's Budget and Rates**

The following key indicators reflect the economic environment of the Town.

- The Montgomery County unemployment rate, as reported by the Employment Security Commission, in June 2011 was 12.5%. Montgomery County has continued to remain above the State average (10.4%) unemployment rate.
- The economic climate has forced the Town to be extremely conservative in its 2010-2011 budget preparations; this caution has been applied to the 2011-2012 budget preparation as well
- Since the last audit a Bojangles and a new pharmacy have opened in Town. One of our local industries, Grede Foundry, has expanded and become the largest private employer in Montgomery County. We have received building plans for a new bank and have been helped to permit water and sewer expansions for a potential strip mall.
- The Town has abandoned talks from the previous years with an industry which would more than double the tax base and create new jobs. A new company, in the same industry has entered in negotiations with the Town. This industry would also double our tax base. This company has their power purchase agreement in hand and will officially decide on a location in January 2012.
- The Town of Biscoe, in a partnership with Montgomery and Moore Counties is expanding sewer service to **Heart of NC Megapark**. This Megapark consists of over 3,000 acres located in Eastern Montgomery and Western Moore Counties. The Town of Biscoe has been awarded \$800,000 from the Golden Leaf Foundation on a total project of 1.3 Million Dollars. This infrastructure will make sewer service on the east of Interstate 73/74; which is great for the future growth of the Town of Biscoe.

### **Next Year's Budget Highlights for the Fiscal Year Ending June 30, 2012**

**Governmental Activities:** Numerous occurrences outside our span of control have created a larger overall budget for our Governmental Activities. Our long time Deputy Clerk will be retiring in this coming fiscal year. We intend to hire her replacement for 3 months prior to her retirement to allow them to train under her. This will be a one-time cost of approximately \$10,000. We anticipate fuel costs for the Town to rise 25% which will be a \$12,000 impact. Due to large size claims in previous years on our insurance we will be seeing a premium increase of 15% which amounts to \$7,000.

In a reversing of priors years actions, the Town is providing its workers with Cost of Living Adjustment of 2.5%. The Town has planned major capital expenditures in accordance with our Capital Improvement Program. We will outfit all of our police cruisers with mounted VIPER radios and we will purchase a tractor for cleaning debris from the right-of-ways.

**Business-Type Activities:** As noted last year, the Town of Biscoe underwent a study with the North Carolina Rural Water Association to evaluate our rates. We have adopted a new rate model which has lowered the inequity of in-town to out-of-town rates. The new model has kept the base rate low and shifted the cost of funding our system to high volume users by increasing the cost of use beyond the minimum. We have also eliminated our commercial descending block rate, as required by the State. We anticipate flat revenues for 2012. The Board has discussed reducing the minimum billable amount, currently 2,000 gallons/month to possibly 1,000 gallons/month. This would work as a cost savings measure to help those on fixed incomes and to reward our consumers that elect to conserve water. We will likely conduct another rate study in March-May 2012. We have implemented a hydrant replacement and line replacement program; the budget total for these, if spent, is enough to fully offset all depreciation in our water/sewer system. Design work on the \$1.3 Million dollar sewer expansion is slated to begin in 2012; this is funded through a \$800,000 Golden Leaf Foundation grant and \$500,000 of local funds.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk or Town Manager.



**TOWN OF BISCOE, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

**Exhibit 1**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 850,231	\$ 1,643,127	\$ 2,493,358
Restricted cash	1,383,528	770	1,384,298
Receivables - net			
Property taxes	67,830	-	67,830
Due from other governments	129,624	66,666	196,290
Accounts receivable	13,755	-	13,755
Customers	-	85,922	85,922
Sales tax	7,459	-	7,459
Accrued interest receivable	1,210	1,427	2,637
Internal balances	11,221	(11,221)	-
Inventories	-	23,997	23,997
Prepaid expense	16,903	-	16,903
<b>Total current assets</b>	<b>2,481,761</b>	<b>1,810,688</b>	<b>4,292,449</b>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	591,219	14,900	606,119
Other capital assets, net of depreciation	884,260	2,297,762	3,182,022
<b>Total capital assets</b>	<b>1,475,479</b>	<b>2,312,662</b>	<b>3,788,141</b>
<b>Total assets</b>	<b>\$ 3,957,240</b>	<b>\$ 4,123,350</b>	<b>\$ 8,080,590</b>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 48,542	\$ 33,981	\$ 82,523
Customers deposits	-	770	770
Unearned revenue	1,100	-	1,100
Current portion of compensated absences	29,840	19,396	49,236
<b>Total liabilities</b>	<b>79,482</b>	<b>54,147</b>	<b>133,629</b>
Net assets:			
Invested in capital assets, net of related debt	1,475,479	2,312,662	3,788,141
Restricted for:			
Stabilization by State Statute	163,269	-	163,269
Streets	58,213	-	58,213
Equitable sharing	20,345	-	20,345
Unrestricted	2,160,452	1,756,541	3,916,993
<b>Total net assets</b>	<b>\$ 3,877,758</b>	<b>\$ 4,069,203</b>	<b>\$ 7,946,961</b>

**TOWN OF BISCOE, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2011**

**Exhibit 2**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
General government activities:							
General government	\$ 415,614	\$ 2,380	\$ -	\$ -	\$ (413,234)	\$ -	\$ (413,234)
Public safety	667,127	-	30,693	23,025	(613,409)	-	(613,409)
Transportation	245,590	-	52,064	-	(193,526)	-	(193,526)
Cultural and recreational	110,849	40,882	-	-	(69,967)	-	(69,967)
Total governmental activities	<u>1,439,180</u>	<u>43,262</u>	<u>82,757</u>	<u>23,025</u>	<u>(1,290,136)</u>	<u>-</u>	<u>(1,290,136)</u>
<b>Business-type activities:</b>							
Water and Sewer	925,923	852,970	-	155,625	-	82,672	82,672
Total business-type activities	<u>925,923</u>	<u>852,970</u>	<u>-</u>	<u>155,625</u>	<u>-</u>	<u>82,672</u>	<u>82,672</u>
<b>Total primary government</b>	<u>\$ 2,365,103</u>	<u>\$ 896,232</u>	<u>\$ 82,757</u>	<u>\$ 178,650</u>	<u>(1,290,136)</u>	<u>82,672</u>	<u>(1,207,464)</u>
<b>General revenues:</b>							
Ad valorem taxes					617,319	-	617,319
Local option taxes					248,068	-	248,068
Unrestricted intergovernmental					305,881	-	305,881
Investment earnings					14,284	7,723	22,007
Miscellaneous					27,500	8,659	36,159
Loss on disposal of capital assets					(61,137)	(36,411)	(97,548)
Total general revenues					<u>1,151,915</u>	<u>(20,029)</u>	<u>1,131,886</u>
Change in net assets					(138,221)	62,643	(75,578)
Net assets, beginning					4,015,979	4,006,560	8,022,539
Net assets, end of year					<u>\$ 3,877,758</u>	<u>\$ 4,069,203</u>	<u>\$ 7,946,961</u>

TOWN OF BISCOE, NORTH CAROLINA  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2011

Exhibit 3

	Major Fund		Total Governmental Funds
	General Fund	Total Non-Major Funds	
<b>ASSETS</b>			
Cash and investments	\$ 948,092	\$ -	\$ 948,092
Restricted cash	1,383,528	-	1,383,528
Receivables - net			
Property taxes	67,830	-	67,830
Due from other governments	129,624	-	129,624
Accounts receivable	13,755	-	13,755
Sales tax	7,459	-	7,459
Accrued interest receivable	1,210	-	1,210
Due from other funds	11,221	-	11,221
Prepaid expense	16,903	-	16,903
<b>TOTAL ASSETS</b>	<b>\$ 2,579,622</b>	<b>\$ -</b>	<b>\$ 2,551,498</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Bank overdraft	\$ -	\$ 97,861	\$ 97,861
Accounts payable and accrued liabilities	48,542	-	48,542
Unearned revenue	1,100	-	1,100
Deferred revenue	67,830	-	67,830
<b>TOTAL LIABILITIES</b>	<b>117,472</b>	<b>97,861</b>	<b>215,333</b>
<b>FUND BALANCES</b>			
Non Spendable			
Prepays	16,903	-	16,903
Restricted			
Stabilization by State Statute	163,269	-	163,269
Streets	58,213	-	58,213
Equitable sharing	20,345	-	20,345
Assigned			
Subsequent year's expenditures	304,332	-	304,332
Capital reserve fund	1,325,315	-	1,325,315
Unassigned (deficit)	573,773	(97,861)	475,912
<b>TOTAL FUND BALANCES</b>	<b>2,462,150</b>	<b>(97,861)</b>	<b>2,364,289</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,579,622</b>	<b>\$ -</b>	<b>\$ 2,579,622</b>

Reconciliation of fund balance in the balance sheet - governmental funds with net assets - governmental activities:

Fund balance as reported in the balance sheet - governmental funds	\$ 2,364,289
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,475,479
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	67,830
Long-term liabilities, including interest and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds	(29,840)
	<b>\$ 3,877,758</b>

TOWN OF BISCOE, NORTH CAROLINA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2011

Exhibit 4  
 Page 1 of 2

	Major Fund		Total Governmental Funds
	General Fund	Total Non-Major Funds	
REVENUES			
Ad valorem taxes	\$ 621,392	\$ -	\$ 621,392
Other taxes and licenses	248,900	-	248,900
Unrestricted intergovernmental	305,881	-	305,881
Restricted intergovernmental	82,757	-	82,757
Permits and fees	2,380	-	2,380
Sales and services	42,857	-	42,857
Investment earnings	14,284	-	14,284
Grant proceeds	-	23,025	23,025
Miscellaneous	50,018	-	50,018
Total revenues	<u>1,368,469</u>	<u>23,025</u>	<u>1,391,494</u>
EXPENDITURES			
General government	405,672	-	405,672
Public safety	717,447	34,382	751,829
Transportation	250,344	-	250,344
Cultural and recreational	104,918	62,656	167,574
Contingency	209	-	209
Total expenditures	<u>1,478,590</u>	<u>97,038</u>	<u>1,575,628</u>
REVENUES UNDER EXPENDITURES	<u>(110,121)</u>	<u>(74,013)</u>	<u>(184,134)</u>
OTHER FINANCING SOURCES			
Sale of capital assets	<u>43,760</u>	<u>-</u>	<u>43,760</u>
CHANGE IN FUND BALANCE	(66,361)	(74,013)	(140,374)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>2,528,511</u>	<u>(23,848)</u>	<u>2,504,663</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 2,462,150</u>	<u>\$ (97,861)</u>	<u>\$ 2,364,289</u>

TOWN OF BISCOE  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2011

Reconciliation of net change in fund balance in the statement of revenues, expenditures and changes in fund balance - governmental funds to change in net assets - governmental activities:

Revenues under expenditures \$ (140,374)

Governmental funds report capital outlays as expenditures. However in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal.

Capital outlay 260,725  
 Depreciation (117,708)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Taxes including interest and penalties (4,073)  
 Proceeds from sale of capital assets (69,085)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Compensated absences (6,569)  
 Loss on disposal of capital assets (61,137)

Total change in net assets of governmental activities \$ (138,221)

TOWN OF BISCOE, NORTH CAROLINA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 GENERAL FUND AND ANNUALLY BUDGETED CAPITAL RESERVE FUND  
 For the Year Ended June 30, 2011

Exhibit 5

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 588,753	\$ 588,753	\$ 621,392	\$ 32,639
Other taxes and licenses	264,984	264,984	248,900	(16,084)
Unrestricted intergovernmental revenues	177,378	299,612	305,881	6,269
Restricted intergovernmental revenues	71,077	73,877	82,757	8,880
Permits and fees	2,600	2,600	2,380	(220)
Sales and services	38,000	38,000	42,857	4,857
Investment earnings	15,500	15,500	5,318	(10,182)
Miscellaneous	36,000	44,000	50,018	6,018
Total revenues	<u>1,194,292</u>	<u>1,327,326</u>	<u>1,359,503</u>	<u>32,177</u>
<b>EXPENDITURES</b>				
General government	394,761	433,595	405,672	27,923
Public safety	627,400	705,000	717,447	(12,447)
Transportation - streets	305,060	295,760	250,344	45,416
Cultural and recreational	104,710	113,710	104,918	8,792
Contingency	-	28,300	209	28,091
Total expenditures	<u>1,431,931</u>	<u>1,576,365</u>	<u>1,478,590</u>	<u>97,775</u>
REVENUES UNDER EXPENDITURES	<u>(237,639)</u>	<u>(249,039)</u>	<u>(119,087)</u>	<u>129,952</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfer from other funds	62,400	62,400	-	(62,400)
Sale of capital assets	2,000	2,000	43,760	41,760
Total other financing sources	<u>64,400</u>	<u>64,400</u>	<u>43,760</u>	<u>(20,640)</u>
REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES	<u>(173,239)</u>	<u>(184,639)</u>	<u>(75,327)</u>	<u>109,312</u>
FUND BALANCE APPROPRIATED	<u>173,239</u>	<u>184,639</u>	<u>-</u>	<u>(184,639)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(75,327)</u>	<u>\$ (75,327)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,212,162</u>	
FUND BALANCE, END OF YEAR			<u>1,136,835</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			8,966	
Fund Balance, Beginning			<u>1,316,349</u>	
Fund Balance, Ending (Exhibit 4)			<u>\$ 2,462,150</u>	

TOWN OF BISCOE, NORTH CAROLINA  
 STATEMENT OF NET ASSETS - PROPRIETARY FUND  
 June 30, 2011

Exhibit 6

ASSETS

Current assets:

Cash and investments	\$ 1,643,127
Receivables - net:	
Customers	85,922
Accrued interest	1,427
Due from other governments	66,666
Restricted cash and investments	770
Inventories	23,997
	<hr/>
Total current assets	1,821,909

Capital assets:

Land and other non-depreciable assets	14,900
Other capital assets, net of depreciation	2,297,762
Total capital assets, net	<hr/> 2,312,662

Total assets	<hr/> <hr/> \$ 4,134,571
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LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	\$ 33,981
Due to other funds	11,221
Compensated absences	19,396
Deposits	770
	<hr/>

Total current liabilities	65,368
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Total liabilities	<hr/> 65,368
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NET ASSETS

Invested in capital assets, net of related debt	2,312,662
Unrestricted	<hr/> 1,756,541

Total net assets	<hr/> <hr/> \$ 4,069,203
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TOWN OF BISCOE, NORTH CAROLINA  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2011

Exhibit 7

OPERATING REVENUES		
Charges for services		\$ 852,970
OPERATING EXPENSES		
Water and sewer operations		696,979
Depreciation		228,944
Total Operating Expenses		<u>925,923</u>
LOSS FROM OPERATIONS		<u>(72,953)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest earned on investments		7,723
Tax refunds		5,374
Loss on disposal of capital assets		(36,411)
Other revenue		3,285
Total Nonoperating Revenues (Expenses)		<u>(20,029)</u>
	LOSS BEFORE CAPITAL CONTRIBUTIONS	(92,982)
CAPITAL CONTRIBUTIONS		<u>155,625</u>
	CHANGE IN NET ASSETS	62,643
NET ASSETS, BEGINNING OF YEAR		<u>4,006,560</u>
	NET ASSETS, END OF YEAR	<u>\$ 4,069,203</u>



TOWN OF BISCOE, NORTH CAROLINA  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 For the Fiscal Year Ended June 30, 2011

Exhibit 8

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers		\$ 829,522
Cash paid for goods and services		(510,458)
Cash paid to employees for services		(183,512)
Customer deposits (refunded)/received, net		(7,416)
	NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>128,136</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets		(38,481)
Other revenue		8,659
	NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(29,822)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		7,723
	NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>7,723</u>
	NET INCREASE IN CASH AND CASH EQUIVALENTS	106,037
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,537,860</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>\$ 1,643,897</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Loss from operations		\$ (72,953)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		228,944
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		(23,448)
Increase (decrease) in accounts payable and accrued liabilities		(1,361)
(Increase) decrease in inventories		4,370
Increase (decrease) in customer deposits		(7,416)
	NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 128,136</u></u>

Noncash investing, capital, and financing activities:

During fiscal year ended June 30, 2011, the Town received \$155,625 in water and sewer line improvements. These improvements are recorded as capital contributions.

TOWN OF BISCOE, NORTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
June 30, 2011

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Exhibit 9

	<u>Pension Trust Fund</u> <u>Special Separation</u> <u>Allowance Fund</u>
ASSETS	
Cash and cash equivalents	\$ 35,700
Accrued interest	62
	<hr/>
Total assets	35,762
LIABILITIES	
Accrued benefits	409
	<hr/>
NET ASSETS	
Reserved for employees' pension benefits	\$ 35,353
	<hr/> <hr/>

TOWN OF BISCOE, NORTH CAROLINA  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 For the Year Ended June 30, 2011

Exhibit 10

	<u>Rension Trust Fund Special Separation Allowance Fund</u>
ADDITIONS:	
Investment earnings	\$          415
DEDUCTIONS:	
Employee benefits	<u>          16,013</u>
NET DECREASE	(15,598)
NET ASSETS, BEGINNING OF YEAR, JULY 1	<u>          50,951</u>
NET ASSETS, END OF YEAR, JUNE 30	<u><u>          \$      35,353</u></u>

**TOWN OF BISCOE, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Biscoe conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

*Reporting Entity*

The Town of Biscoe is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town as well as any separate entity for which the Town is financially accountable. For the year ended June 30, 2011, no other entity is included in the Town's financial statements.

*Basis of Presentation – Government-wide and Fund Financial Statements*

Government-wide Statements - The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about the Town's funds, including fiduciary fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general government services. Additionally, the Town has legally adopted a Capital Reserve Fund. Under GASB 54 guidance, the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information.

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Town reports the following non-major governmental funds:

Parks and Recreation Trust Fund – The Parks and Recreation Trust Fund is a Capital Project Fund for improvements to the Town of Biscoe Recreation Park.

Office of State Fire Marshall Grant Funds - These grant funds are provided by the State of North Carolina to be used for equipment upgrade and replacement within the Biscoe Fire Department.

The Town reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

The City reports the following fiduciary fund:

Special Separation Allowance Pension Trust Fund – This fund is used to account for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

*Measurement Focus and Basis of Accounting*

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, property tax revenue is recognized in the fiscal year for which the taxes are levied. Revenue from grants, donations and similar items is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Basis of Accounting (Continued)*

and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to actual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Montgomery County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Biscoe. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Montgomery County from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as deferred revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

*Budgetary Data*

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the general and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Governmental Capital Project Funds and the Enterprise Capital Project Funds which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

TOWN OF BISCOE, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Budgetary Data (Continued)*

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The Town manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$1,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000 must be approved by the governing board. Amendments were made during the year to the original budget.

*Deposits and Investments*

All deposits of the Town are made in board-designated official depositories and are secured as required by G.S. 159-31. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust.

*Cash and Cash Equivalents*

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

*Restricted Assets*

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Money in the Capital Reserve Fund is also classified as restricted assets because its use is restricted to that fund. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

*Ad Valorem Taxes Receivable*

In accordance with G.S. 105-347 and G.S. 159-13(a), the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2010. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Allowances for Doubtful Accounts*

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The amount is estimated by analyzing the percentage of receivables that were written off in prior years.

*Inventory*

Inventories are maintained for all enterprise fund supplies. They are valued at cost (first-in, first out), which approximates market. The inventory of the enterprise fund consists of expendable supplies that are recorded as an expenditure when consumed rather than when purchased.

*Capital Assets*

Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000, and estimated useful life of two years. Minimum capitalization costs for land, buildings, furniture and equipment, computer software, and vehicles have been set at \$3,000. Purchased or constructed assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the assets' estimated useful lives.

Buildings	29 years
Furniture and office equipment	7-10 years
Maintenance and construction equipment	5-7 years
Medium and heavy motor vehicles	5-7 years
Computer Software	5 years
Automobiles and light trucks	3-5 years

*Compensated Absences*

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Accumulated earned vacation at June 30, 2011, amounted to \$49,236 in total, of which \$29,840 relates to the governmental fund and \$19,396 relates to the enterprise fund. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

Compensated absences for governmental activities have typically been liquidated in the General Fund.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.



**TOWN OF BISCOE, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Net Assets*

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

*Fund Balance*

In the governmental fund financial statements, fund balance is composed of four classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Prepays** – portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaid expenses, which are not spendable resources.

**Restricted Fund Balance** – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

**Restricted for Stabilization by State Statute** – portion of fund balance that is restricted by State Statute (G.S. 159-8(a)).

**Restricted for Streets** – portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

**Restricted for Equitable Sharing** – portion of fund balance that is restricted through an agreement entered into between the Federal government, the Town's police department, and the governing body.

**Assigned fund balance** – portion of fund balance that the Town of Biscoe intends to use for specific purposes.

**Assigned for capital reserve fund** – portion of fund balance that is held in the capital reserve fund for future purposes.

**Subsequent year's expenditures** – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Town manager to modify the appropriations within funds up to \$1,000.

**Unassigned fund balance** – the portion of the fund balance that has not been restricted, committed, or assigned to specific purposes of other funds.

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

On-behalf of Payments

Expenditures of on-behalf of payments are not considered to be violations of State statute budget requirements.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2011, the expenditures made in the Town's general fund exceeded authorized appropriations made for legal and professional services and for the police department by \$1,372 and \$3,308, respectively. In addition, expenditures in the Town's Office of State Fire Marshall capital project fund exceeded appropriations for air bottles and air compressor by \$47 and \$2,059, respectively. Management and the commissioners will more closely review the budget reports to ensure compliance in future years.

Deficit in Fund Balance or Net Assets of Individual Funds

The Town had a deficit in fund balance in the Office of State Fire Marshall, Parks and Recreation Trust Fund, and the Clean Water Management Trust Fund capital project funds as of June 30, 2011. Management and commissioners will transfer budgeted funds in order to remedy the deficit.

**III. CASH, CASH EQUIVALENTS AND INVESTMENTS**

*Deposits*

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2011, the Town's deposits had a carrying amount of \$3,913,356 and a bank balance of \$4,127,261. Of the bank balance, \$517,128 was covered by federal depository insurance, and \$3,610,133 was secured through the pooling method. At June 30, 2011, the Town had no petty cash fund.

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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**IV. ACCOUNTS RECEIVABLE – ALLOWANCES FOR DOUBTFUL ACCOUNTS**

The receivables shown in the Town's statement of net assets and balance sheet are presented net of the following allowances for doubtful accounts:

General Fund	
Ad valorem taxes	<u>\$ 9,307</u>
Water and Sewer Fund	
Customers	<u>\$24,500</u>

**V. CAPITAL ASSETS**

Capital Assets at June 30, 2011, are summarized below:

	<u>June 30, 2010</u>	<u>Transfers in/ additions</u>	<u>Transfers out/ retirements</u>	<u>June 30, 2011</u>
Non depreciable assets:				
Land	\$ 604,103	\$ 1,000	\$ (122,516)	\$ 482,587
CIP	-	108,632	-	108,632
Land	<u>604,103</u>	<u>109,632</u>	<u>(122,516)</u>	<u>591,219</u>
Depreciable assets:				
Buildings and improvements	1,998,341	-	-	1,998,341
Equipment and vehicles	1,393,250	151,093	(158,358)	1,385,985
Infrastructure	207,264	-	-	207,264
	<u>3,598,855</u>	<u>151,093</u>	<u>(158,358)</u>	<u>3,591,590</u>
Grand Total	<u>4,202,958</u>	<u>260,725</u>	<u>(280,874)</u>	<u>4,182,809</u>
Less: Accumulated depreciation and amortization for:				
Buildings and improvements to land and buildings	1,565,559	34,498	-	1,600,057
Equipment and vehicles	1,145,742	72,848	(150,652)	1,067,938
Infrastructure	28,973	10,362	-	39,335
	<u>2,740,274</u>	<u>117,708</u>	<u>(150,652)</u>	<u>2,707,330</u>
Depreciable assets – net	<u>858,581</u>	<u>33,385</u>	<u>(7,706)</u>	<u>884,260</u>
Governmental activity capital assets – net	<u>\$ 1,462,684</u>	<u>\$ 143,017</u>	<u>\$ (130,222)</u>	<u>\$ 1,475,479</u>

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**V. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 29,486
Public safety	60,516
Cultural and recreation	5,722
Transportation	<u>21,984</u>
	<u>\$ 117,708</u>

Business-type Activities:

	<u>June 30, 2010</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Retirements</u>	<u>June 30, 2011</u>
Non Depreciable assets:				
Land	\$ -	\$ 14,900	\$ -	\$ 14,900
Depreciable assets:				
Plant, substations, lines, and related equipment	4,092,882	155,624	(30,801)	4,217,705
Equipment & vehicles	708,530	23,582	(5,610)	726,502
	<u>4,801,412</u>	<u>179,206</u>	<u>(36,411)</u>	<u>4,944,207</u>
GRAND TOTAL	<u>4,801,412</u>	<u>194,106</u>	<u>(36,411)</u>	<u>4,959,107</u>
Less Accumulated depreciation and amortization for:				
Plant, substations, lines, and related equipment	1,908,518	176,100	-	2,084,618
Equipment & vehicles	508,983	52,844	-	561,827
	<u>2,417,501</u>	<u>228,944</u>	<u>-</u>	<u>2,646,445</u>
Depreciable assets - net	<u>2,383,911</u>	<u>(49,738)</u>	<u>(36,411)</u>	<u>2,297,762</u>
Business type activities capital assets - net	<u>\$ 2,383,911</u>	<u>\$ (34,838)</u>	<u>\$ (36,411)</u>	<u>\$ 2,312,662</u>

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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**VI. PAYABLES**

Payables at the government-wide level at June 30, 2011, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General	\$ 27,452	\$ 21,090	\$ -	\$ 48,542
Total - governmental activities	<u>\$ 27,452</u>	<u>\$ 21,090</u>	<u>\$ -</u>	<u>\$ 48,542</u>
Business-Type Activities:				
Water and Sewer	\$ 27,124	\$ 6,857	\$ -	\$ 33,981
Total - business-type activities	<u>\$ 27,124</u>	<u>\$ 6,857</u>	<u>\$ -</u>	<u>\$ 33,981</u>

**VII. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS**

*Local Governmental Employees' Retirement System*

Plan Description - The Town of Biscoe contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Plan members are required to contribute six percent of their covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.45% and 6.41%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Biscoe are established and may be amended by the North Carolina General Assembly. The Town's contribution to LGERS for year ended June 30, 2011, 2010, and 2009 were \$33,374, 27,917, and 28,339, respectively. The contribution made by the Town equaled the required contribution for the year.

*Law Enforcement Officers Special Separation Allowance*

Plan Description - The Town of Biscoe administers a public employee retirement system (the "Separation Allowance"), a single-employer retirement defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the Town's report as a pension trust fund, fiduciary fund.

TOWN OF BISCOE, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2011

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VII. PENSION PLAN OBLIGATIONS (Continued)

*Law Enforcement Officers Special Separation Allowance (Continued)*

All full-time law enforcement officers of the Town are covered by the Separation allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>8</u>
	<u>9</u>

Summary of Significant Accounting Policies:

Basis of Accounting – Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the Town has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

Contributions - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the Town contributed \$24,337, or 9.62% of annual covered payroll. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2010, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**VII. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)**

*Law Enforcement Officers Special Separation Allowance (Continued)*

Annual Pension Cost and Net Pension Obligation - The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 9,841
Interest on net pension obligation	(782)
Adjustment to annual required contribution	838
Annual pension cost	9,897
Contributions made	24,337
Increase in net pension obligation	(14,440)
Net pension obligation beginning of year	(15,649)
Net pension obligation end of year	<u>\$ (30,089)</u>

Three Year Trend Information

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6-30-09	\$ 5,670	205.96%	\$ (3,154)
6-30-10	8,001	256.17%	(15,649)
6-30-11	9,897	245.90%	(30,089)

Funded Status and Funding Progress - As of December 31, 2010, the most recent actuarial valuation date, the plan was 53.91 percent funded. The actuarial accrued liability for benefits was \$165,402, and the actuarial value of assets was \$89,169, resulting in an unfunded actuarial accrued liability (UAAL) of \$76,233. The covered payroll (annual payroll of active employees covered by the plan) was \$253,003 and the ratio of the UAAL to the covered payroll was 30.13 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Supplemental Retirement Income Plan for Law Enforcement Officers*

Plan Description - The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**TOWN OF BISCOE, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

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**VII. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)**

*Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)*

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2011, were \$38,370, which consisted of \$23,154 from the Town and \$15,216 from the law enforcement officers.

*Firemen's and Rescue Squad Workers' Pension Fund*

Plan Description - The State of North Carolina contributes, on behalf of the Town of Biscoe, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by North Carolina General Assembly.

*Other Post-Employment Benefits*

At retirement, all employees have the option to purchase basic medical insurance at the Town's group rate. The entire cost of this insurance is borne by the employees.

*Other Employment Benefits*

The Town has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.



**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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**VIII. DEFERRED/UNEARNED REVENUES**

The balance in deferred/unearned revenues at year-end is composed of the following elements:

	<u>Deferred revenue</u>	<u>Unearned revenue</u>
Prepaid taxes (General Fund)	\$ -	\$ 1,100
Taxes receivable (General Fund), less penalties	<u>67,830</u>	<u>-</u>
	<u>\$ 67,830</u>	<u>\$ 1,100</u>

**IX. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at June 30, 2011, consist of the following:

Due to the General Fund for governmental expenses from:	
Water/Sewer Fund	<u>\$ 11,221</u>

The interfund balances resulted from payments for payroll withholdings in the Water and Sewer Fund paid by the General Fund.

**X. REVENUE, EXPENDITURES AND EXPENSES**

*On-behalf of Payments for Fringe Benefits and Salaries*

For the fiscal year ended June 30, 2011, the Town of Biscoe has recognized on-behalf of payments for pension contributions made by the State as a revenue and an expenditure of \$13,049 for the thirty-nine firemen who perform firefighting duties for the Town's fire department. The volunteers and employees elected to be members of the Firemen's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution paid by each member, investment income and a state appropriation.

**XI. LONG-TERM DEBT**

At June 30, 2011, the Town of Biscoe had a legal debt margin of \$8,543,240.

**XII. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town has property, general liability, and auto liability coverage of \$1 million per occurrence, worker's compensation coverage of up to statutory limits, and employee health coverage up to \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against property, general liability, and auto liability in excess of \$500,000 and \$300,000 statutory limits for worker's compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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**XII. RISK MANAGEMENT (Continued)**

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

The Town is not required to carry flood insurance because the Town is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

In accordance with G.S.159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$100,000. All other employees are covered under a \$100,000 blanket bond.

**XIII. JOINTLY GOVERNED ORGANIZATION**

The Town, in conjunction with 7 counties and 42 other municipalities, established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$650 to the Council during the fiscal year ended June 30, 2011.

**XIV. JOINT VENTURE**

The Town participates in a joint venture to operate the Montgomery Municipal Board of Alcoholic Beverage Control with four other local governments. Each participating government appoints one board member to the five-member ABC Board. None of the participating governments have any equity interest in the Montgomery Municipal Board of Alcoholic Beverage Control, so no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements for the Montgomery Municipal Board of Alcoholic Beverage Control can be obtained at the ABC's offices, at P.O. Box 279, Biscoe, NC 27209.

Firemen's Relief Fund

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insures remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2011, the Town reported no payments through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2011. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

**TOWN OF BISCOE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

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**XV. FUND BALANCE**

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

<i>Total fund balance-General Fund</i>	<i>\$ 2,462,150</i>
Less:	
Prepaid Items	16,903
Stabilization by State Statute	163,269
Streets – Powell Bill	58,213
Equitable Sharing	20,345
Appropriated Fund Balance in 2012 budget	304,332
Capital Reserve Fund	1,325,315
Remaining Fund Balance	573,773

**XVI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**XVII. RECLASSIFICATIONS**

Certain items included in prior years' financial statements have been reclassified to conform to the current year presentation. The reclassifications had no effect on the change in net assets as previously reported.

**XVIII. SUBSEQUENT EVENT**

Subsequent to year end the Town received grant approval in the amount of \$800,000 from the Golden Leaf Foundation for the expansion of sewer services to Heart of NC Megapark.

***REQUIRED SUPPLEMENTAL  
FINANCIAL DATA***

This Section contains additional information required by the  
Governmental Accounting Standards Board

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.

TOWN OF BISCOE, NORTH CAROLINA  
 LAW ENFORCEMENT OFFICERS' SPECIAL  
 SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Schedule 1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered payroll ((b - a)/c)
12-31-05	\$55,570	\$75,664	\$20,094	73.44%	\$226,771	8.86%
12-31-06	63,548	80,961	17,413	78.49%	231,852	7.51%
12-31-07	72,054	90,660	18,606	79.48%	287,022	6.48%
12-31-08	80,487	135,601	55,114	59.36%	249,856	22.06%
12-31-09	89,169	155,066	65,897	57.50%	254,781	25.86%
12-31-10	89,169	165,402	76,233	53.91%	253,003	30.13%

TOWN OF BISCOE, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

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Schedule 2

<u>Year ended June 30</u>	<u>Annual required contribution</u>	<u>Percentage contributed</u>
2006	\$ 5,792	99.28%
2007	4,976	99.23%
2008	5,065	99.37%
2009	5,670	205.96%
2010	8,001	256.17%
2011	9,897	245.90%

**TOWN OF BISCOE, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SCHEDULES**

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**Schedule 3**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12-31-10
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 – 7.85%
*Includes inflation at	3.00%
Cost-of-living adjustments	N/A

## TOWN OF BISCOE, NORTH CAROLINA

## GENERAL FUND

Page 1 of 3

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	2011		Variance favorable (unfavorable)
	Budget	Actual	
REVENUES			
Ad valorem taxes			
Taxes		\$ 617,109	
Penalties and interest		4,283	
Total	\$ 588,753	621,392	\$ 32,639
Other taxes and licenses			
Local option sales tax		248,068	
Cablevision franchise fee		832	
Total	264,984	248,900	(16,084)
Unrestricted intergovernmental			
Franchise tax		272,809	
Beer and wine taxes		7,819	
Solid waste disposal tax		1,187	
Tax refunds		24,066	
Total	299,612	305,881	6,269
Restricted intergovernmental			
Powell Bill allocation		52,064	
DSM revenues		1,008	
Grant funds		16,636	
On-behalf payments - Fire		13,049	
Total	73,877	82,757	8,880
Permits and fees	2,600	2,380	(220)
Sales and services			
Cemetery lots sales		1,975	
Concession receipts		40,882	
Total	38,000	42,857	4,857
Investment earnings	15,500	5,318	(10,182)
Miscellaneous			
Contributions		120	
Fire department donations		13,109	
Other		36,789	
Total	44,000	50,018	6,018
TOTAL REVENUES	1,327,326	1,359,503	32,177



TOWN OF BISCOE, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	2011		Variance favorable (unfavorable)
	Budget	Actual	
EXPENDITURES			
General government			
Salaries and employee benefits		\$ 153,604	
Other operating expenditures		128,457	
Total	\$ 293,761	282,061	\$ 11,700
Legal and professional services			
Other operating expenditures		62,206	
Total	60,834	62,206	(1,372)
Public buildings and grounds			
Other operating expenditures		60,024	
Capital Outlay		1,381	
Total	79,000	61,405	17,595
<b>TOTAL GENERAL GOVERNMENT</b>	<b>433,595</b>	<b>405,672</b>	<b>27,923</b>
Public safety			
Police Department			
Salaries and employee benefits		405,081	
Other Operating expenditures		103,850	
Capital outlay		103,302	
Total	608,925	612,233	(3,308)
Fire			
Salaries and employee benefits		8,021	
Other operating expenditures		47,482	
Fire department expense		36,662	
Total	96,075	92,165	3,910
Fire and rescue workers on behalf of payments		13,049	(13,049)
<b>TOTAL PUBLIC SAFETY</b>	<b>705,000</b>	<b>717,447</b>	<b>(12,447)</b>
Transportation			
Streets			
Salaries and employee benefits		411	
Other operating expenditures		190,305	
Total	198,000	190,716	7,284

TOWN OF BISCOE, NORTH CAROLINA  
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011

	2011		Variance favorable (unfavorable)
	Budget	Actual	
Transportation (continued)			
Streets - Powell Bill			
Salaries and employee benefits		\$ 14,766	
Other operating expenditures		44,862	
Total	\$ 97,760	59,628	\$ 38,132
TOTAL TRANSPORTATION	295,760	250,344	45,416
Cultural and Recreational			
Recreation department			
Salaries and employee benefits		35,301	
Other operating expenditures		69,617	
TOTAL CULTURAL AND RECREATIONAL	113,710	104,918	8,792
Contingency	28,300	209	28,091
TOTAL EXPENDITURES	1,576,365	1,478,590	97,775
REVENUES UNDER EXPENDITURES	(249,039)	(119,087)	129,952
OTHER FINANCING SOURCES:			
Transfer from Capital Reserve	62,400	-	(62,400)
Sale of capital assets	2,000	43,760	41,760
TOTAL OTHER FINANCING SOURCES	64,400	43,760	(20,640)
REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES	(184,639)	(75,327)	109,312
FUND BALANCE APPROPRIATED	184,639	-	(184,639)
NET CHANGE IN FUND BALANCE	\$ -	(75,327)	\$ (75,327)
FUND BALANCE, BEGINNING OF YEAR, JULY 1		1,212,162	
FUND BALANCE, END OF YEAR, JUNE 30		\$ 1,136,835	

TOWN OF BISCOE, NORTH CAROLINA  
 CAPITAL RESERVE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2011

	2011		Variance favorable (unfavorable)
	Budget	Actual	
REVENUES			
Investment earnings	\$ 30,000	\$ 8,966	\$ (21,034)
EXPENDITURES			
Contingency	50,000	-	50,000
REVENUES OVER/(UNDER) EXPENDITURES	(20,000)	8,966	28,966
OTHER FINANCING USES			
Transfer to other funds	(162,400)	-	162,400
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(182,400)	8,966	191,366
FUND BALANCE APPROPRIATED	182,400	-	(182,400)
NET CHANGE IN FUND BALANCE	\$ -	8,966	\$ 8,966
FUND BALANCE, BEGINNING OF YEAR, JULY 1		1,316,349	
FUND BALANCE, END OF YEAR, JUNE 30		\$ 1,325,315	

TOWN OF BISCOE  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2011

	<u>Capital Project Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>OSFM Grant</u>	<u>PARTF Grant</u>	
<b>LIABILITIES AND FUND BALANCE</b>			
LIABILITIES			
Bank overdraft	<u>\$ 35,205</u>	<u>\$ 62,656</u>	<u>\$ 97,861</u>
FUND DEFICIT			
Unassigned	<u>(35,205)</u>	<u>(62,656)</u>	<u>(97,861)</u>
TOTAL FUND DEFICIT	<u>(35,205)</u>	<u>(62,656)</u>	<u>(97,861)</u>
TOTAL LIABILITIES AND FUND DEFICIT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BISCOE  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - NON MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2011

	Capital Project Funds		Total Non-Major Governmental Funds
	OSFM Grants	PARTF Grant	
REVENUES			
Grant Proceeds	\$ 23,025	\$ -	\$ 23,025
EXPENDITURES			
Public Safety	34,382	-	34,382
Cultural and Recreation	-	62,656	62,656
TOTAL EXPENDITURES	34,382	62,656	97,038
REVENUES UNDER EXPENDITURES	(11,357)	(62,656)	(74,013)
FUND DEFICIT, BEGINNING OF YEAR, JULY 1	(23,848)	-	(23,848)
FUND DEFICIT, END OF YEAR, JUNE 30	\$ (35,205)	\$ (62,656)	\$ (97,861)

TOWN OF BISCOE  
 CAPITAL PROJECTS FUND (OSFM GRANTS)  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 From Inception and for the Year Ended June 30, 2011

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
OSFM Grant proceeds - 2010	\$ 26,880	\$ 26,882	\$ -	\$ 26,882	\$ 2
OSFM Grant proceeds - 2011	23,025	-	23,025	23,025	-
<b>TOTAL REVENUES</b>	<b>49,905</b>	<b>26,882</b>	<b>23,025</b>	<b>49,907</b>	<b>2</b>
<b>EXPENDITURES</b>					
Public Safety					
Air bottles	6,996	7,043	-	7,043	(47)
Turn-Out gear	4,672	4,550	-	4,550	122
Service truck	34,382	-	34,382	34,382	-
Air compressor	38,943	41,002	-	41,002	(2,059)
Protective equipment	14,821	10,289	-	10,289	4,532
<b>TOTAL EXPENDITURES</b>	<b>99,814</b>	<b>62,884</b>	<b>34,382</b>	<b>97,266</b>	<b>2,548</b>
<b>REVENUES UNDER EXPENDITURES</b>	<b>(49,909)</b>	<b>(36,002)</b>	<b>(11,357)</b>	<b>(47,359)</b>	<b>2,550</b>
<b>OTHER FINANCING SOURCES</b>					
Transfer from Capital Reserve	49,909	-	-	-	(49,909)
<b>REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ (36,002)</b>	<b>(11,357)</b>	<b>\$ (47,359)</b>	<b>\$ (47,359)</b>
<b>FUND DEFICIT, BEGINNING OF YEAR, JULY 1</b>			<b>(23,848)</b>		
<b>FUND DEFICIT, END OF YEAR, JUNE 30</b>			<b>\$ (35,205)</b>		

TOWN OF BISCOE  
 CAPITAL PROJECTS FUND (PARTF GRANT)  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 From Inception and for the Year Ended June 30, 2011

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Grant proceeds	\$ 53,355	\$ -	\$ -	\$ -	\$ (53,355)
<b>EXPENDITURES</b>					
Cultural and Recreation					
Pool filter	55,000	-	42,818	42,818	12,182
Pool locker room renovation	11,000	-	14,274	14,274	(3,274)
Basketball court	10,000	-	-	-	10,000
Baseball dugouts	10,000	-	-	-	10,000
Picnic tables	3,200	-	-	-	3,200
Ballfield backstop	1,500	-	-	-	1,500
Pool repairs	2,500	-	-	-	2,500
Ballfield safety cap	900	-	-	-	900
Contingency	4,705	-	-	-	4,705
Planning and administration	7,904	-	5,564	5,564	2,340
<b>TOTAL EXPENDITURES</b>	<b>106,709</b>	<b>-</b>	<b>62,656</b>	<b>62,656</b>	<b>44,053</b>
<b>REVENUES UNDER EXPENDITURES</b>	<b>(53,354)</b>	<b>-</b>	<b>(62,656)</b>	<b>(62,656)</b>	<b>(9,302)</b>
<b>OTHER FINANCING SOURCES</b>					
Transfer from General Fund	53,354	-	-	-	(53,354)
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(62,656)</b>	<b>\$ (62,656)</b>	<b>\$ (62,656)</b>
<b>FUND BALANCE, BEGINNING OF YEAR, JULY 1</b>					
			-		
<b>FUND DEFICIT, END OF YEAR, JUNE 30</b>					
			<b>\$ (62,656)</b>		

TOWN OF BISCOE, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
For the Year Ended June 30, 2011

	Budget	Actual	Variance favorable (unfavorable)
<b>REVENUES</b>			
Operating revenues:			
Charges for services	\$ 785,546	\$ 852,970	\$ 67,424
Nonoperating revenues:			
Interest on investments		7,723	
Tax refunds		5,374	
Miscellaneous		3,285	
Total nonoperating revenues	55,700	16,382	(39,318)
<b>TOTAL REVENUES</b>	<b>841,246</b>	<b>869,352</b>	<b>28,106</b>
<b>EXPENDITURES</b>			
Operating expenditures			
Salaries and employee benefits		241,853	
Other operating expenditures		192,884	
Water purchases for resale		223,409	
Capital Outlay		72,944	
Total Water and Sewer Operations	841,246	731,090	110,156
<b>TOTAL EXPENDITURES</b>	<b>841,246</b>	<b>731,090</b>	<b>110,156</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 138,262</b>	<b>\$ 138,262</b>



TOWN OF BISCOE, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
For the Year Ended June 30, 2011

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RECONCILIATION FROM BUDGETARY BASIS  
(MODIFIED ACCRUAL TO FULL ACCRUAL)

REVENUES OVER EXPENDITURES	\$ 138,262
RECONCILING ITEMS	
Depreciation	(228,944)
Capital outlay	72,944
Less: Items not capitalized	(34,463)
Loss on disposal of capital assets	(36,411)
Change in inventory	(4,370)
Capital contributions	155,625
Total	<u>(75,619)</u>
CHANGE IN NET ASSETS	<u>\$ 62,643</u>

TOWN OF BISCOE  
 CAPITAL PROJECTS FUND (CWMTF GRANT)  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 From Inception and for the Year Ended June 30, 2011

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
CWMTF Grant	\$ 530,000	\$ 530,000	\$ -	\$ 530,000	\$ -
STAG Grant	200,000	66,666	-	66,666	(133,334)
TOTAL REVENUES	<u>730,000</u>	<u>596,666</u>	<u>-</u>	<u>596,666</u>	<u>(133,334)</u>
EXPENDITURES					
Lagoon	268,000	267,041	-	267,041	959
Pump Station	197,800	197,303	-	197,303	497
Dechloration	85,000	84,518	-	84,518	482
Telemetry	177,000	176,314	-	176,314	686
Stag Disbursement	133,333	-	-	-	133,333
TOTAL EXPENDITURES	<u>861,133</u>	<u>725,176</u>	<u>-</u>	<u>725,176</u>	<u>135,957</u>
REVENUES UNDER EXPENDITURES	<u>(131,133)</u>	<u>(128,510)</u>	<u>-</u>	<u>(128,510)</u>	<u>2,623</u>
OTHER FINANCING SOURCES					
Transfers from other funds	<u>131,133</u>	<u>92,099</u>	<u>-</u>	<u>92,099</u>	<u>(39,034)</u>
TOTAL OTHER FINANCING SOURCES	<u>131,133</u>	<u>92,099</u>	<u>-</u>	<u>92,099</u>	<u>(39,034)</u>
REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES	<u>-</u>	<u>\$ (36,411)</u>	<u>-</u>	<u>\$ (36,411)</u>	<u>\$ (36,411)</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>(36,411)</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ (36,411)</u>		

**SUPPLEMENTAL FINANCIAL DATA**

TOWN OF BISCOE, NORTH CAROLINA  
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 June 30, 2011

<u>Fiscal year</u>	<u>Uncollected balance June 30, 2010</u>	<u>Additions</u>	<u>Collections and credits</u>	<u>Uncollected balance June 30, 2011</u>
2010-2011	\$ -	\$ 619,877	\$ 593,855	\$ 26,022
2009-2010	23,860	-	16,405	7,455
2008-2009	5,263	-	415	4,848
2007-2008	4,733	-	365	4,368
2006-2007	3,791	-	385	3,406
2005-2006	9,874	-	-	9,874
2004-2005	5,201	-	-	5,201
2003-2004	7,654	-	-	7,654
2002-2003	5,697	-	-	5,697
2001-2002	2,659	-	47	2,612
2000-2001	12,478	-	12,478	-
	<u>\$ 81,210</u>	<u>\$ 620,498</u>	<u>\$ 623,950</u>	<u>77,137</u>
Less allowance for uncollected taxes receivable General fund				<u>(9,307)</u>
Ad valorem taxes receivable (net)				<u>\$ 67,830</u>
<u>Reconciliation with revenues:</u>				
Taxes - ad valorem - General Fund				\$ 621,392
Reconciling items:				
Interest collected				(4,283)
Other adjustments				(5,637)
Taxes written off				12,478
Subtotal				<u>2,558</u>
Total collections and credits				<u>\$ 623,950</u>

TOWN OF BISCOE, NORTH CAROLINA  
 ANALYSIS OF CURRENT TAX LEVY  
 June 30, 2011

	Town-wide		Total levy		
	Property valuation	Rate	Total Levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current year's rate	\$104,195,862	\$.58	\$ 604,336	\$ 555,974	\$ 48,362
Registered motor vehicles taxed at prior year's rate	722,760	.58	4,192	-	4,192
Penalties	-		402	402	-
Total	<u>104,918,622</u>		<u>608,930</u>	<u>556,376</u>	<u>52,554</u>
Discoveries:					
Current year taxes	1,978,941	.58	11,539	11,539	-
Penalties	-		29	29	-
Total	1,978,941		11,568	11,568	-
Abatements	<u>(107,069)</u>		<u>(621)</u>	<u>(108)</u>	<u>(513)</u>
TOTAL PROPERTY VALUATION	<u>\$106,790,494</u>				
Net levy			619,877	567,836	52,041
Uncollected taxes at June 30, 2011			<u>26,022</u>	<u>14,311</u>	<u>11,711</u>
CURRENT YEAR'S TAXES COLLECTED			<u>\$ 593,855</u>	<u>\$ 553,525</u>	<u>\$ 40,330</u>
CURRENT LEVY COLLECTION PERCENTAGE			<u>95.80%</u>	<u>97.48%</u>	<u>77.50%</u>